

AMENDED IN ASSEMBLY APRIL 22, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 957

Introduced by Assembly Member Galgiani

February 26, 2009

An act to add Article 1.8 (commencing with Section 1103.20) to Chapter 2 of Title 4 of Part 4 of Division 2 of the Civil Code, relating to real property.

LEGISLATIVE COUNSEL'S DIGEST

AB 957, as amended, Galgiani. Residential real estate transfers: title insurance: escrow companies.

Existing law generally regulates the transfer of real property, and imposes specified obligations on a seller of real property. Existing law authorizes a mortgagee or beneficiary under a deed of trust to sell property securing the mortgage or deed of trust at a foreclosure sale under certain circumstances. Existing federal law prohibits a seller of property that will be purchased with the assistance of a federally related mortgage loan from requiring the buyer to purchase insurance from any particular company.

This bill would enact the Buyer's Choice Act, which would prohibit a mortgagee, beneficiary under a deed of trust, or other person who acquired title to residential real property at a foreclosure sale from, as a condition of selling that real property to a buyer, requiring the buyer to purchase title insurance or use escrow services in connection with the sale from a company chosen by the seller. The act would also prohibit such a seller from, without good cause, disapproving the use of a title or escrow company chosen by a buyer. A seller who violates these provisions would be liable to the buyer for a specified civil penalty.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 1.8 (commencing with Section 1103.20)
is added to Chapter 2 of Title 4 of Part 4 of Division 2 of the Civil
Code, to read:

Article 1.8. Buyer's Choice Act

1103.20. This article shall be known, and may be cited, as the
Buyer's Choice Act.

1103.21. (a) A seller shall not, directly or indirectly, as a
condition of selling residential real property to a buyer, require
the buyer to purchase title insurance or use escrow services in
connection with the sale of that property from a company chosen
by the seller.

(b) A seller shall not, without good cause, disapprove the use
of a title or escrow company chosen by a buyer.

(c) A seller who violates subdivision (a) or (b) shall be liable
to the buyer for a civil penalty in an amount equal to 6 percent of
the sales price of the property.

(d) For purposes of this section, "seller" means a mortgagee,
beneficiary under a deed of trust, or other person who acquired
title to residential real property at a foreclosure-sale sale, including
a trustee, agent, officer, or other employee of any such mortgagee,
beneficiary, or other person.